

complaint

Mr F and Mr and Mrs G, on behalf of the estate of the late Mrs F, complain that Barclays Bank PLC (trading as Barclaycard) failed to deal appropriately with Mrs F's accounts when she was experiencing financial difficulty. They'd like Barclays to pay Mrs F's estate compensation.

background

After Mrs F died, Mr F and Mr and Mrs G discovered that the two credit card accounts she'd held with Barclays had been in arrears for a long time. They consider that Barclays should have monitored her ability to make repayments. And it should have taken into account the fact that she was elderly and her only income was state benefits. Mr F and Mr and Mrs G say that Barclays made Mrs F enter lengthy repayment agreements which didn't reduce the debt. They say that if Barclays had managed Mrs F's debt and advised her correctly, she'd have paid the debt off in a reasonable time and there'd have been more money in her estate.

Barclays says it agreed reduced payments and interest with Mrs F. It reviewed her repayment plans regularly and it had no reason to believe that she was struggling to keep up with them. Nor did it have any reason to believe she was vulnerable. She didn't tell it she was suffering from any condition that might have prompted it to treat her differently. It can only go by information customers give it about their circumstances. It doesn't make assumptions about their ability to pay. It's written off the balance on both cards, which amounts to more than £6,000 in total.

Our adjudicator didn't recommend that the complaint should be upheld. She explained that we'd expect a bank to treat a customer experiencing financial difficulties positively and sympathetically. Barclays had reduced and suspended interest on Mrs F's accounts for lengthy periods. And it had restructured her borrowing, taking into account her ability to repay. It had also given Mrs F details of organisations she could contact for free independent debt advice.

She explained that the fact that a customer is elderly doesn't automatically imply that they're incapable of managing their accounts. Mrs F seemed to have been aware of what was happening on the accounts and was in touch with Barclays about them. Nobody appeared to have raised concerns with Barclays about Mrs F's ability to manage her own financial affairs.

Mr F and Mr and Mrs G aren't happy with the adjudicator's findings. They consider the fact that Barclays wrote off more than £6,000 of Mrs F's debt following her death to be irrelevant. They reiterate that the arrears increased rather than decreasing during Mrs F's lifetime. And they say that this was due to Barclays' mismanagement of the accounts. They still consider that Barclays should refund the difference between what Mrs F actually paid and what she'd have paid if Barclays had dealt appropriately with the arrears on the account.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusion as the adjudicator.

It appears from the statements for Mrs F's credit cards that she was unable to keep up with the contractual monthly minimum payments on either card from November 2008. I can see

that a succession of repayment plans was put in place from 2009 onwards. Barclays took full details of Mrs F's income and expenditure before agreeing the plans. While the plans were in force, interest on Mrs F's cards was suspended or reduced. Barclays also gave her details of free services providing advice on debt management.

I consider that Barclays acted positively and sympathetically to Mrs F by reducing and suspending interest on her accounts and by carrying out periodic reviews of how much she could afford to pay. I don't think there was anything which should have led it to the conclusion that Mrs F wasn't capable of managing her accounts. Nor do I consider that it was unreasonable not to write off any of the debt in her lifetime. Mrs F had had the benefit of the purchases she made using the cards. So it was reasonable of Barclays to expect her to repay the money.

The only action that I consider Barclays could have taken which it didn't would have been to default Mrs F's accounts and transfer them to its debt recovery department or a debt recovery agency. At that point it would be usual for interest and charges to stop accumulating on the accounts. But her liability to pay the debt would have continued.

I don't accept that the fact that Barclays has written off more than £6,000 of Mrs F's debt is irrelevant. £6,000 is more than the total interest and charges debited to the account after Mrs F stopped being able to meet the minimum repayments. I'm satisfied, on balance, that Mrs F was paying all that she could towards the cards. So I think it reasonable to assume that the payments she managed to make each month would have been similar. So even if interest and charges had stopped being debited to the account completely when Mrs F fell into financial difficulties, the payments she made still wouldn't have cleared the debt in full.

As it is, by writing off more than £6,000 of debt, Barclays has more than written off all fees and interest charged to the account after it became clear that Mrs F was in financial difficulty. It follows that I don't consider that it would be reasonable to require Barclays to pay compensation to Mrs F's estate.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr F and Mr and Mrs G to accept or reject my decision before 27 April 2015.

Juliet Collins
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